



FOR IMMEDIATE RELEASE  
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## **SIX CHARGED IN MORTGAGE FRAUD CONSPIRACY**

PHOENIX – Six individuals have been indicted here for conspiracy and separate counts of mail and wire fraud violations in connection with the U.S. Department of Housing and Urban Development (HUD) “Pre-Foreclosure” sale program, United States Attorney Daniel G. Knauss and HUD Inspector General Kenneth M. Donohue announced today.

The charged defendants are:

- Trudy M. Peters, 43, of Peoria, Az, formerly an Escrow Officer for Ticor Title Agency, Phoenix, Az.
- John M. Soto, 35, of Moreno Valley, Ca., formerly a Service Representative for Wells Fargo Home Mortgage, San Bernardino, Ca.
- Larry M. Smith, 28, of Rancho Cucamonga, Ca, formerly a Service Representative, Wells Fargo Home Mortgage, San Bernardino, Ca.
- Maria A. Felix, 47, of Glendale, Az, formerly a Housing Counselor for Acorn Housing, Phoenix.
- Tony S. Vasquez, 54, of Tolleson, Az, formerly a Housing Counselor for Chicanos Por La Causa, Phoenix, Az.

Also listed in the indictment as an unindicted co-conspirator is Edward Carrillo, Jr., currently serving a five year prison sentence arising from a state conviction for Fraudulent Schemes and Artifices.

According to the charging documents filed in the District of Arizona, the defendants conspired with Carrillo, doing business as Sahara Investments, Scottsdale, Az, to purchase and sell 65 properties in the Phoenix area using the HUD “Pre-Foreclosure” sale program. The program was designed to reduce foreclosures cost to the government by allowing homeowners to sell their homes for less than what they owed on the mortgage, often referred to as a “short sale.” The “Pre-Foreclosure” sale program had strict guidelines among which required that property owners receive homeowner counseling, and that an independent appraisal had to establish the market value of the home.

The indictment alleges that homeowner counseling certifications were falsely created by Felix and Vasquez to show that other housing options were discussed with the owners in accordance with the program regulations. Another allegation is that appraisals were fraudulently created or altered to allow

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Carrillo to purchase the homes for less than the actual market value of the homes. The properties were normally sold the same day they were purchased for thousands more than Carrillo paid for the homes. Felix and Vasquez were paid thousands of dollars for their services by Carrillo according to the indictment.

The charging document further alleges that Soto and Smith as employees of Wells Fargo Home Mortgage, accepted thousands of dollars from Carrillo for the referral to him of homeowners whose mortgages were in default. In addition, the two men replaced independent appraisals that had been ordered by Wells Fargo with appraisals that had been fraudulently altered and sent to them by Carrillo.

The charging document also states that Peters, as an Escrow Officer for Ticor Title, failed to disclose on the real estate settlement statements that second and third mortgages were encumbering the properties. Peters also received thousands of dollars from Carrillo for her part in the conspiracy.

“HUD paid \$1,878,163 in claims from the FHA insurance fund as a direct result of this fraudulent scheme and conspiracy,” said HUD Inspector General Kenneth M. Donohue. Inspector General Donohue added, “This type of mortgage fraud undermines all of the professionals that work hard to keep the real estate industry honest and fair. We will continue to aggressively pursue real estate fraud cases in Arizona.”

A conviction for conspiracy carries a maximum penalty of five years imprisonment, a \$250,000 fine or both. A conviction for mail fraud carries a maximum penalty of twenty years imprisonment, and/or a \$250,000 fine, or both. A conviction for wire fraud carries a maximum penalty of twenty years imprisonment, and/or a \$250,000 fine, or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by Special Agent James Carrieres of the HUD Office of Inspector General, Office of Investigations.

The prosecution is being handled by Richard I. Mesh, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

CASE NUMBER: CR 07-266-PHX-NVW  
RELEASE NUMBER: 2007-068(Peters, et al)

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